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Tariff and Non-tariff Barriers

Tariffs on poultry meat exports range from duty free in Hong Kong and Singapore to over 35 percent to Mexico, India, and Pakistan. Hong Kong is the leading market for U.S. poultry exports. Russia, the second largest market for U.S. poultry, has a tariff of 15 percent. Japan's tariffs are about 12 on chicken and three percent on turkey meat. U.S. exports of poultry meat to Canada, the EU, and Korea are subject to tariff-rate quotas, with over-quota tariff rates that can be prohibitive.

Regional Trade Agreements (RTAs) provide preferential tariffs to member countries. International trade in poultry is highly influenced by regional trade agreements. Association agreements between the EU and several Eastern European countries have been established in which quotas on poultry are established and tariffs imposed at 80 percent of the EU's MFN rate. A recent free trade agreement between the EU and Mexico (July 2000) could impact U.S. exports of poultry over the long term. Similarly, the Asean Free Trade Area (AFTA) could affect sales of U.S. processed poultry products when it comes into force due to increased competition from Thailand in Indonesia, Malaysia and the Philippines. There are no tariffs on poultry trade between Mercosur countries and

thus U.S. poultry exporters are unable to compete with Brazilian poultry exporters in the region.

Trade barriers on eggs and egg products include the Canadian system of supply management, in which the supply of eggs available on the domestic market is controlled by quotas on domestic production and imports. Japanese egg producers are assisted by a price stabilization program (supported through check-off funds) that compensates them for income losses when prices fall below a predetermined level.

Another key issue increasing affecting egg production worldwide concerns animal welfare and the ethical treatment of animals. In the EU, the Council Directive on minimum standards for the protection of laying hens requires a decrease in bird stocking density and a ban on the use of conventional laying cages by the year 2012 (Germany is proposing that requirements on cages be in effect by 2007). The concern among producers is that this directive will increase the price of eggs and reduce consumption. McDonald's Corp (which uses about 2.5 percent of total U.S. egg production) recently announced that it would purchase eggs only from free-range hens. Industry estimates costs of production will increase between 11 cents/dozen and 24 cents/dozen.

Non-tariff measures and U.S. industry concerns

<u>Measure</u>	<u>Market</u>	<u>Product</u>	<u>Nature of measure</u>
Egg washing	EU	Table eggs	Table eggs can only be classed Grade A if they are unwashed.
Processing	EU	Egg products	Do not allow use of caramel alone as a denaturant in inedible eggs.
Labeling	EU	Table eggs	Proposed legislation would require labeling of method of production - free range, cages, etc.
	Dubai	Table eggs	Imported eggs must be individually stamped with producer's name and date of lay.
	Poland		Requires a bilingual health certificate.
	Mexico	Poultry	Excludes products not labeled in either Spanish or English.
Shelf-life	Dubai	Table eggs	Three month shelf live is considered too short (pack, ship, market).
Import ban	Mexico	Eggs	Ban on imports from the U.S. not based on clear criteria.
	Philippines and Indonesia	Poultry meat	Ban on imports from the U.S. not based on clear criteria.
	Egypt	Poultry meat/products	Bans in violation of WTO rules, according to U.S. industry.
	Mexico	Table eggs/products	Ban on imports from the U.S. not based on clear criteria.
GMOs	Several markets	Table eggs/products	Concern over unjustified restrictions not based on science.
	Several markets	Poultry	Concern over unjustified restrictions not based on science.
SPS restrictions	EU	Poultry	EU does not approve certain anti-microbial treatments used in U.S.
	Australia and New Zealand	Poultry	Internal heating requirement considered excessive.
Anti-dumping duties	South Africa	Poultry meat	Method used to determine existence of dumping inconsistent with WTO dumping rules.

Source: A Description of Tariff and Non-tariff Barriers for Major Products and Their Impact on Trade, Publication 3455, U.S. International Trade Commission

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending Nov 03, 2001	Year-To-Date			
	2001	2000 /1	2001	2000
Liquid	395	296	11,105	6,584
Frozen	0	0	78	198
Dried	0	0	240	503
Total	395	296	11,423	7,285

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending Nov 03, 2001	Year-To-Date			
	2001	2000 /1	2001	2000
Liquid	93	71	4,687	4,454
Frozen	48	41	1,391	785
Dried	6	5	492	757
Total	147	117	6,570	5,996

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending Nov 03, 2001	Year-To-Date			
	2001	2000 /1	2001	2000
Jumbo	0	0	87	2,161
Extra Large	1,080	990	59,492	44,638
Large	2,780	2,108	117,998	125,575
Medium	1,230	761	39,508	30,757
Ungraded	14,190	15,750	356,450	358,084
Misc	1,470	0	69,614	10,137
Total	20,750	19,609	643,149	571,352

/1 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

CHICKEN 09-NOV-2001
— PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

— PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	15.00-16.00	13.00	204,000	163,200
WTD AVERAGE	15.50	13.00		
15-20%				
RANGE	11.00-15.00	8.00-12.50	938,400	775,200
WTD AVERAGE	12.59	10.58		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

LIVE POULTRY SLTRD UNDER INSPECTION W/E 03-Nov-01
(PRELIMINARY) **U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	1,904	1,350	3,254
LAST WEEK	1,855	1,313	3,168
SAME WEEK YR AGO	1,943	1,306	3,249
TO-DATE/2001	78,672	60,828	139,500
TO-DATE/2000	83,567	64,001	147,568

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	305	0	305
LAST WEEK	355	10	365
SAME WEEK YR AGO	440	7	447
TO-DATE/2001	18,454	283	18,737
TO-DATE/2000	20,323	578	20,901

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	2,209	1,350	3,559
LAST WEEK	2,210	1,323	3,533
SAME WEEK YR AGO	2,383	1,313	3,696
TO-DATE/2001	97,126	61,111	158,237
TO-DATE/2000	103,890	64,579	168,469

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

CHICKEN 09-NOV-2001
— PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	17.00	-	200,000	-
WTD AVERAGE	17.00			

CHICKEN, WITH SKIN ADDED

— PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	14.00-15.75	14.00	574,600	262,000
WTD AVERAGE	15.58	14.00		
15-20%				
RANGE	12.00-15.00	12.00-14.00	1,601,080	564,000
WTD AVERAGE	13.31	12.76		
20% OR MORE				
RANGE	-	13.00	81,600	-
WTD AVERAGE		13.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 9 NOVEMBER 2001.

Undertone on tom breast meat and destrapped tenderloins was barely steady to weak, wing meat with skin fully steady, breast trim and scapula steady at best. Tom breast meat and destrapped tenderloin demand was light at best with buyers generally unaggressive for the readily available offerings. Demand on wing meat was fair and light on the balance of trims. Offerings light. High meat demand was light to fair with offerings generally held with confidence. Market activity on mechanically separated turkey showed signs of improvement, however, offerings continued readily available. Domestic trading was active on tom breast meat at lower trending prices, balance light. Scapula traded at 128 and frozen destrapped tenderloins at 130 cents transferred-in-storage. Export demand was mixed with drums the most active. Trading light. Fresh tom drums traded at 31-32, mostly 31.50 cents delivered export.

FRIDAY, NOVEMBER 09, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	32.00-34.00		32.86	186	33.94	1,138
WINGS FULL-CUT - TOMS		R	38.00	40	38.00	40
WINGS, V-TYPE, TOM	29.00		29.00	104	29.25	212
TAILS	29.00		29.00	40	29.00	40
MECHANICALLY SEPARATED 2/	13.00-15.50		14.13	268	13.93	412
THIGH MEAT - FROZEN	69.00		69.00	120	69.44	360

THURSDAY, NOVEMBER 08, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	32.00-33.00		32.80	264
WINGS FULL-CUT - TOMS	38.00		38.00	40
WINGS, V-TYPE, TOM		M	29.50	108
TAILS		F	27.00	120
MECHANICALLY SEPARATED 2/	13.00-15.00		13.56	144
THIGH MEAT - FROZEN	71.00		71.00	80

WEDNESDAY, NOVEMBER 07, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	31.00		31.00	40
WINGS FULL-CUT - TOMS		R	38.00	40
WINGS, V-TYPE, TOM		M	29.50	108
TAILS		F	27.00	120
MECHANICALLY SEPARATED 2/		F	16.07	280
THIGH MEAT - FROZEN		M	69.00	160

TUESDAY, NOVEMBER 06, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	34.90	648
WINGS FULL-CUT - TOMS		R	38.00	40
WINGS, V-TYPE, TOM		M	29.50	108
TAILS		F	27.00	120
MECHANICALLY SEPARATED 2/		F	16.07	280
THIGH MEAT - FROZEN		M	69.00	160

MONDAY, NOVEMBER 05, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	34.00-35.50		34.90	648
WINGS FULL-CUT - TOMS		R	38.00	40
WINGS, V-TYPE, TOM	29.50		29.50	108
TAILS		F	27.00	120
MECHANICALLY SEPARATED 2/		F	16.07	280
THIGH MEAT - FROZEN	69.00		69.00	160

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.

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